



**GLOBAL**  
PLATINUM  
SECURITIES™



# 2013

## Annual Report

*“Educating the next generation of investors”*

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# GPS Creed

“

We believe that ethics should take absolute precedence and  
profit at the price of integrity is no profit at all.

We believe that those we have been blessed with prosperity  
should help those in need  
and that donating time and knowledge  
is more important than simply writing a check.

We believe that learning through experience  
is just as important as learning the theory  
and that the process of learning  
should be interesting and intellectually engaging.

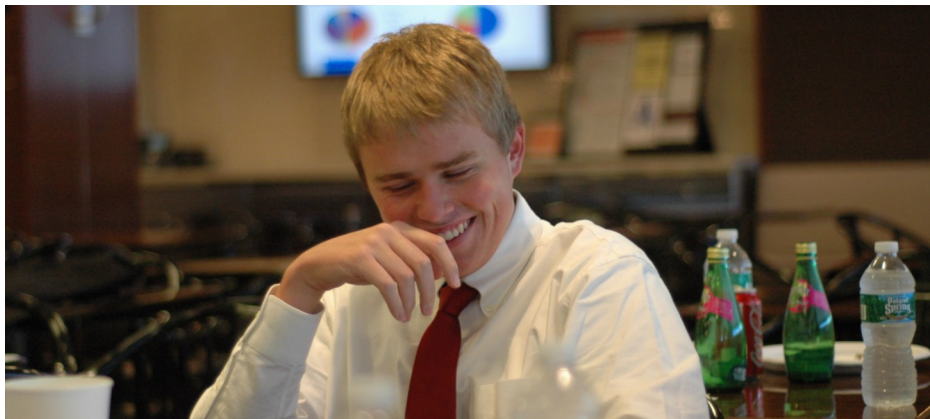
We believe that through friendship,  
we can learn from each other,  
and through mentorship  
wisdom can be passed down so youth can learn from history.

We believe that people should be active investors  
having input in their investments  
learning about the companies they invest in  
learning about the industries they invest in  
purchasing the underlying business rather than the stock.

We believe that by doing what we love  
by being well-informed  
by being well-educated  
By doing due diligence we can profit.

”

# Mission Statement



“

Global Platinum Securities will strive to provide a comprehensive investment education to the future generation of passionate and intellectually curious business leaders in an ethical and socially responsible fashion.

”



# Board of Managers

## The Founders

Tim Shannon

*Georgetown University '07*

Jaime Steinhardt

*Georgetown University '12*

Rufino Mendoza

*Georgetown University '07*

Cole Magrath

*Georgetown University '10*

Ken Talanian

*Georgetown University '06*

Lambert Wang

*Georgetown University '11*

Fraser Simpson

*Georgetown University '14*

Loren Harman

*University of Colorado '14*

Matthew Morris

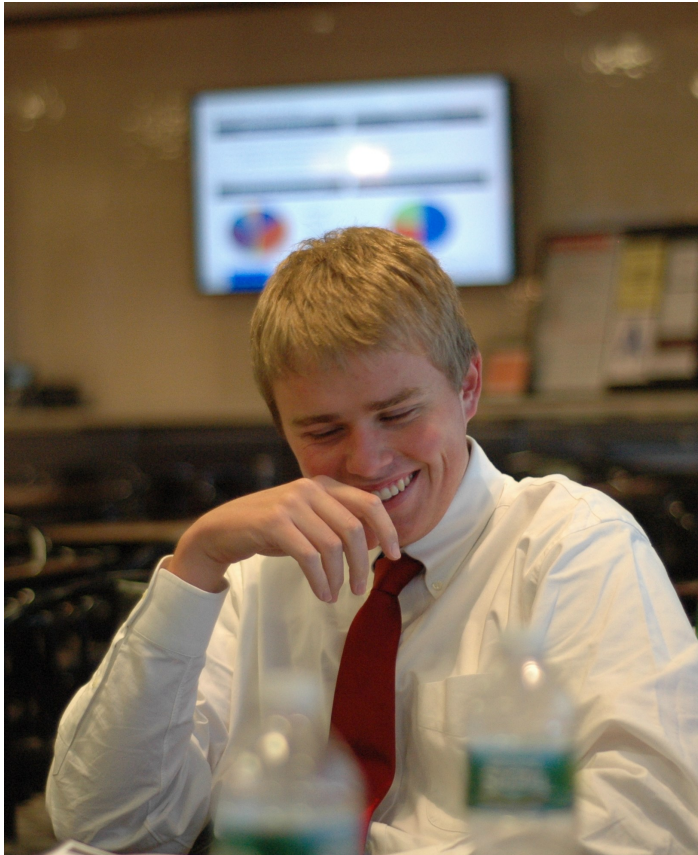
*Georgetown University '14*

Nathan Gupta

*Harvard University '15*

Scott Yu

*Harvard University '14*



# Upper Management

## **Chief Executive Officer**

Fraser Simpson

*Georgetown University '14*

## **Vice President of Philanthropy**

Eleanor Meloul

*University of Colorado '15*

## **Chief Operating Officer**

Matthew Morris

*Georgetown University '14*

## **Vice President of Technology**

Alex Martino

*Georgetown University '15*

## **Chief Financial Officer**

Loren Harman

*University of Colorado '14*

## **Vice President of Personnel**

Jim Myrtetus

*Georgetown University '14*

## **Portfolio Managers**

Nathan Gupta

*Harvard University '15*

Scott Yu

*Harvard University '14*

## **Vice Presidents of Education**

Deependra Mookim

*New York University '15*

Danny Sullivan

*Georgetown University '14*

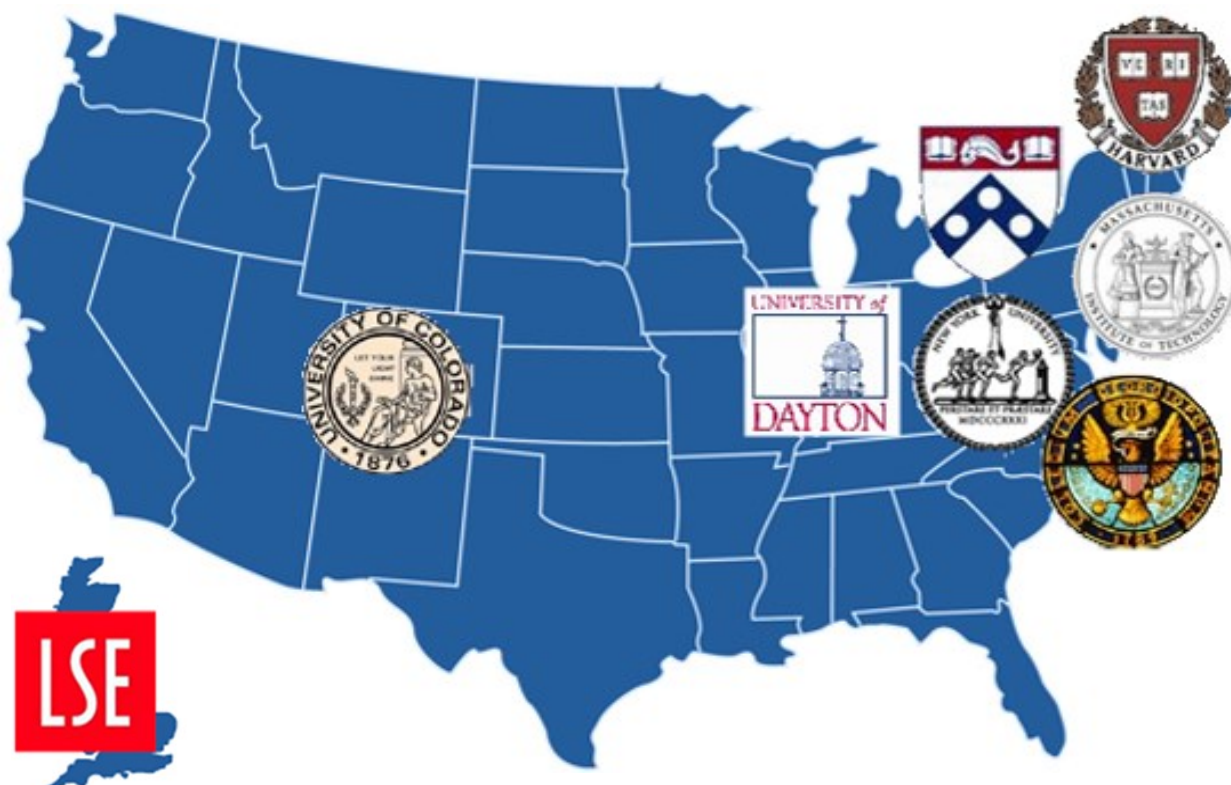
## **Vice President of Marketing**

Thomas Gorman

*University of Colorado '14*



# Membership



## University of Colorado

Loren Harman '14  
Thomas Gorman '14  
Kevin Allman '14  
Eleanor Meloul '15  
Rick Brubaker '16  
Nolan Smith '16  
Will Zimmerman '16

## University of Dayton

Joe Nitting '14  
Lihn Pham '14  
Andrew Brackmann '15  
Eric Flanigan '15  
Pat Forte '15  
Tommy Campbell '16  
Drew Imoff '16

## Georgetown University

Matthew Morris '14  
Jim Myrtetus '14  
Fraser Simpson '14  
Danny Sullivan '14  
Alex Martino '15  
Simon Allan '15  
Deep Dheri '16  
Isabella Meyer '16  
Lucas Wimmer '16

# Membership

## Harvard University

Raina Gandhi '14  
 Scott Yu '14  
 Andrew Das Sarma '15  
 Nathan Gupta '15  
 Justin Katiraei '15  
 Sharon Park '15  
 Kevin Li '16

## London School of Economics

Aidar Artykbaev '14  
 Drummond Clark '14  
 Alexandre Momeni '15  
 David Olsson '15  
 David Schofield '15  
 Tommaso Cariati '16  
 Ryan Liew '16  
 Kaelan Ong '16

## Massachusetts Institute of Technology

Jenny Hu '14  
 Oliver Huang '14  
 Jhanavi Pathak '14  
 Frank Zhu '15  
 Nicolai Ludvigsen '15  
 Jack Sul '15  
 Jeremy Kalas '16  
 Licheng Rao '16

## New York University

Simon Ma '14  
 Nicole Shu '14  
 Deependra Mookin '15  
 Nicholas Ang '16

## University of Pennsylvania

Justin Ang '14  
 Josh Liang '14  
 Sahil Khetpal '14  
 Shruti Shah '14  
 Dominic Waltz '14  
 Nicholas Liu '15  
 Matej Senkarcin '15  
 Shashwat Chugh '16  
 Pratyusha Gupta '16  
 Moses Soh '16







## Letter From the 2013 CEO & COO

Dear Investors & Mentors,

Looking back, what a year it has been! It has been a pleasure, a struggle, and a phenomenal learning experience being CEO and COO of GPS for the 2012-2013 calendar year.

It began with a truly exceptional Spring Conference in Spartanburg, SC, where the group was graciously hosted by George Johnson and his family. It is certainly not at every conference that members get to listen to business wisdom from the founder of two public companies (and shortly thereafter test drive sports cars). Furthermore, we had the privilege of visiting young students at the Meeting Street Academy and witnessing the incredible work being done to help them excel and realize their potential, academic and otherwise. Two fantastic conferences in New York followed, where we not only heard about the experiences of many talented investors, but also minted a few of our own. In doing so, we inaugurated a new and impressive analyst class. We also continued our philanthropic efforts with Meals on Wheels and braved a night of autumn rain to give our new members an unforgettable GPS welcome.

As GPS approaches its tenth anniversary and matures as an organization, we had a number of firsts. GPS prides itself on the caliber, intellectual diversity, and the international nature of its membership. This year's analyst class was our most varied yet. From a fund perspective, we invested in some of the smallest and most complex investment situations to-date. In a different style of investing, 2012-2013 also saw the marriage of one of our founders, Tim Shannon, in what has thus far proven to be one of GPS's most successful investments to date. It

was the catalyst for a record alumni turnout at the GPS Spring Conference expedition to Spartanburg, SC, where the team pioneered new and innovative team bonding activities. Among them were racing BMWs, member vs. alumni paintballing, and micro-brewery touring. This adventure helped set the stage for GPS's upcoming first international conference north of the border in Toronto, Canada.

What does this all mean? It means that GPS is growing up—presenting all of us with unique opportunities and challenges. On one hand, incoming analysts have a greater wealth of intellectual capital, personal mentorship and general resources available to them once they join the GPS family than ever before. On the other, the age-spread between our eldest alumni and our ever-eager analysts continues to widen. As our alumni class ages, what can and should be expected in terms of GPS contributions? As the group's membership grows and spreads around the globe, how can we maintain and deepen the fabric that makes us an international family and not merely an intercollegiate organization? GPS has always been a success story against the odds, and this year's management team has sought to address some of these challenges head on.

From an organizational perspective, we've shaken up the management structure at all levels in an effort to connect youth with experience, preserve generational know-how, and further refine the investment education process. Highlights from this include: streamlining the analyst onboarding experience, formalizing the GPS mentorship process, as well as tweaking the Education Program to

give incoming analysts more practical investment training.

From an investment perspective, we shifted our focus to smaller cap companies—an area in which we feel we have an inherent edge, can exploit our smaller cheque size, as well as give analysts an opportunity for more on-the-ground due diligence and direct management interaction. In today's tumultuous and overpriced market, we investigated more catalyst-driven opportunities and liquidated legacy holdings with played-out investment theses. While our relatively large cash position did prove to be a drag on returns, we are confident this dry powder will come in handy in 2014.

Finally, we implemented an updated alumnus dues structure, a change that ensures the financial and operational sustainability of the organization, while providing alumni with more clarity about their contributions and the value they hold for subsequent generations of students.

As we conclude our three-and-a-half years of student membership in GPS, we are struck by how membership in the group has been the most educational, enriching, and humbling experience of our undergraduate careers. GPS not only made us investors, but also lucky members of an incredible group of friends.

GPS is a lifelong commitment. If there is one key

message for younger analysts and new alumni, it is the importance of passing the torch. While you will never be able to fully repay the organization for what it has done for you, the fun is in trying. We cannot think of an important decision we have made since freshman year that has not been at least partly guided by the counsel of a fellow GPS-er. Thus, the key to GPS is not about attracting the best and brightest, but more importantly the people who care. While our gratitude goes out to many, we would like to, in particular, thank the founders Tim, Rufino, and Ken, without whom none of this would have been possible.

What is GPS? I still cannot fully explain what it is, but I can say what it does; GPS changes lives. It is something that one cannot explain, but only experience. It brings the best together, who, in turn, bring out the best in each other. Every day, we are truly investing in the future—and I am proud, as is the rest of the GPS family, to be a part of that process. While it has been both an honour and a pleasure stewarding GPS through 2012–2013, Matt and I know that the best is yet to come. Indeed, we cannot be more confident in passing the torch to Nathan, Alex and the 2014 Management Team. We know you will continue the tradition.

Strength & Honour,

Fraser Simpson (Georgetown '14)

Matt Morris (Georgetown '14)

2013–14 Chief Executive Officer & Chief Operating Officer





# Letter From the 2014 CEO

This year marks a significant milestone for GPS as we celebrate the tenth anniversary of our founding. Just to put that in context, when GPS was founded in 2004 several of our current members were still in elementary school. It is incredible to think that the forward-looking vision of four college students has withstood the test of time and, even more impressively, has grown stronger as the years have passed. Not only has GPS thrived, it has done so despite the inherent structural headwind of a constantly rotating membership base as senior members graduate and are replaced by new analysts. We have thrived despite the fact that our members are divided among eight different campuses and two continents. In my three years at college, I have seen many student organizations struggle for sustainability or succumb to the whims of the student body or the trends of the day. Yet against even greater odds, GPS has not just survived but has grown to be the most prestigious investing organization on each of our eight campuses.

As we move forward, I think we must take a moment to explore what exactly has made GPS so special. While some might think of our rigorous education program and impressive record of returns, I think it is much deeper than that. While some may think of the intercollegiate nature of the group, I think it is actually deeper than that as well. Here's what I think has made GPS so special: it is one of our members going to interview at an intimidating

firm with unfamiliar people and not just seeing a familiar face, but actually seeing an alumnus that he or she knows and can have a friendly conversation with; it is two members thinking independently and arguing over a company on a sector call, but taking no offense and knowing that it is in the spirit of intellectual curiosity; it is the fact that when we get together for conferences three times a year, we can pick up our relationships and conversations as if the last conference never ended; and it is the tendency of our members to take others under their wing, to teach them and mentor them, and ultimately to create more members who will do the same. What has made GPS special is our unbreakable bonds and strong sense of community, and it is these two things that have set us apart and allowed our organization to stand the test of time. It is here that we must continue to focus our efforts as we look to ensure that the GPS of future generations is as prominent and successful as it is today.

When I looked back at old annual reports, I noticed that past UM members often observed that GPS was at an inflection point. I'm not sure that I think GPS is at an inflection point today—but being a more mature organization comes with its own set of challenges. The biggest risk to our organization today is becoming complacent. As the famous historian Edward Gibbon once put it, "In the end, more than freedom, they wanted security. They wanted a comfortable life, and they lost it all—security,



# Letter From the 2014 CEO

comfort, and freedom. When the Athenians finally wanted not to give to society but for society to give to them... then Athens ceased to be free and was never free again.”

In the midst of the day-to-day craziness of college life, it is easy to forget what an amazing opportunity GPS is. It is easy to simply lean on GPS when we need recruiting help or advice. But we must all remember that this is not how GPS became the organization that it is today. As GPS members who have benefited from the foundation laid by members of years past, we have a responsibility to ensure that future members will have the same great experience that we have had.

Along these lines, we will be taking a number of initiatives this year that will increase the scope of member involvement in the group. We will be setting up new research-focused mentorship opportunities and placing increased emphasis on the analyst networking requirement to further build the GPS community. On the investing side, we will increasingly focus on small companies, concise pitch decks, and in-depth qualitative analysis rather than complex modeling, which will provide better

opportunities for hands-on research and ultimately a better learning experience for our members. We will continue to improve on position maintenance and clear out legacy positions as well. We will also seek to broaden the role of members in the club’s decision-making process by increasing the invested membership, promoting more rigorous discussion of pitches, and surveying the membership for feedback on significant administrative decisions. On the whole, I believe that these changes will allow us to better fulfill the dual GPS mission of community building and investing education.

I often hear alumni say that this is the most promising group of members the organization has ever seen. With such an exciting group of members combined with the meaningful involvement of our alumni, I believe that the organization is well positioned to continue to make significant strides. If we can fully tap the considerable potential in the organization today, the next 10 years will be as good as, if not better than, the last.

Sincerely,

Nathan Gupta (Harvard ’15)  
2014–2015 Chief Executive Officer





# Giving Back Program

Since the beginning, GPS has taken a hands on approach to philanthropy. It's never been about fundraising or writing a check; rather, finding ways to help using our individual skills and talents. This year the pods have built new relationships with different groups in their respective communities, learning more about the different social issues within them. Whether they spent time teaching a class, or working at a local homeless shelter, the members of GPS have continued to learn more about the importance of giving back and are motivated to continue to help.

This year Georgetown continued their partnership with the Myers' Institute for College Preparation (ICP), which provides intensive, comprehensive, pre-college academic enrichment to middle and high school students enrolled in targeted D.C. public schools. They taught a group of high school students about the importance of a balancing a budget. They discussed some simple ways to save money and earn interest on it, either by keeping it in a bank account or investing it.

NYU's interest was within the environment and keeping New York City beautiful. They worked with a local gardening organization to plant flowers and trees in various parts within East Harlem. Whether they were trimming trees or digging up weeds, NYU got their hands dirty to contribute to the community and better the environment.

Harvard spent time working with Cradles to Crayons sorting and packaging donations to distribute amongst children ages 0-12 within the community. They had the opportunity to work at the Boston location putting together KidPacks with toys, clothes, and other childhood essentials.

Trunk-or-Treat was an event put together by local

elementary schools for children who cannot safely trick-or-treat in their neighborhoods. The Dayton Pod put together a booth at the event and gave out candy as the mini vampires and werewolves of Dayton roamed the zombie-infested parking lot.

CU worked with Summit Middle School's financial literacy class. They taught the students how to conduct a SWOT analysis and gave a general overview of margin analysis. The students were extremely appreciative of the lessons they learned and the CU pod enjoyed working one on one with the students on a SWOT exercise.

Members of the Penn pod volunteered at the Hillel Soup Kitchen. They were happy to meet and work with members of the Philadelphia community while constructing a streamlined peanut butter and jelly sandwich operation.

The London School of Economics has been working with the Young Enterprise providing financial advice to teenagers from underprivileged backgrounds in an interesting and engaging way. They had the opportunity to not only teach the students about finance, but also take in a lesson about life from the teens.

The MIT pod engaged in teaching middle school students a lesson on value investing to local students in the Boston area. They taught the class through Spark, an MIT program that calls middle and high school students from the area for a day of learning from MIT students.

Last year GPS worked with many different groups within their communities focusing on a number of issues involving education, the environment, and society as a whole. With such great work done in so many areas, GPS has continued to grow as a philanthropic group and learn from the many incredible experiences that came with the new partnerships.

Sincerely,

Eleanor Meloul (Colorado '15)  
2013-2014 Vice President of Philanthropy



## 2013: In Review

This past year was a challenging year for the GPS fund. In a year in which the S&P 500 had a total return of 32.4%, our fund returned 12.2% ex-cash and 8.0% with cash. While we would typically not expect our conservative, value-driven investing strategy to outperform the buoyant markets seen in 2013, suboptimal sector allocations and idiosyncratic events also contributed to this underperformance.

As we continued 2012's effort to clear out the legacy positions in the portfolio, we were caught with an average of 35% cash for the year, which was a significant drag on returns. In addition, our largest sector allocations were Energy and Natural Resources (about 25% of invested capital at the start of 2013), Industrials, Consumer Staples, and value-driven Technology, giving us almost no exposure to the outsized returns experienced by Internet and biotech stocks.

We were also hurt by a series of unanticipated and negative idiosyncratic events in stocks such as Sandstorm Metals and Energy (STTYF), Turquoise Hill Resources (TRQ), DFC Global Corp. (DLLR), Novacopper (NCO), and Equinix (EQIX). These losses were countered by idiosyncratic outsized returns in smaller holdings

such as Genworth (GNW), Flowserve (FLS), Walt Disney Corp. (DIS), and Rolls-Royce (RYCEY).

However, as we look back on the year, we are confident that the fund is well positioned to achieve outsized returns in the future. We have increasingly shifted our focus to under-followed small and micro-cap opportunities, which will allow us to better ensure that we have a differentiated, well-reasoned thesis for each of the companies we hold. In addition, given today's aggressive pricing environment, we have come to emphasize more catalyst-driven opportunities that will have limited correlation to the returns of the broader market.

Of course, this past year's underperformance has done nothing to change our core focus on in-depth fundamental analysis, independent and contrarian thinking, and uncompromising adherence to traditional valuation methodology. As the year went on, we became more rigorous in our research process and ultimately more selective when making investment decisions. And as we look toward 2014, we believe that we are perfectly positioned to stay true to this strategy and avoid the return-chasing tendencies of the investing community at large.

Best regards,

Nathan Gupta (Harvard '15)  
Scott Yu (Harvard '14)  
2013-2014 Portfolio Managers



# Looking Forward: 2014

The past year has been an extraordinary one: despite uncertainty both economic and political, including volatility in response to Federal Reserve forward guidance at the beginning of the summer, US equity markets rallied 30%—their strongest performance in over a decade—with global markets following suit. Corporate profit margins, fueled by continued accommodative monetary policy, have hit elevated levels, and “hot” stocks in the tech industry have skyrocketed to levels that imply aggressive growth assumptions. More than half a decade after the crisis, however, the real economy’s recovery remains muted: although unemployment has fallen substantially, finally causing the Fed to taper its large-scale asset purchases, much of this has been driven by declines in labor force participation rather than cyclical labor market recovery. As value investors with a contrarian streak, we find ourselves most wary at those moments when others feel most confident. This is one of those moments. In fact, we view with mixed emotions the recent market nervousness in light of emerging markets and Crimea—although we would never wish for political instability, we eagerly welcome market pullbacks for the investment opportunities they may create.

As Portfolio Managers, we see this year as an opportunity for GPS to strengthen its value investing tradition. Value investing in its simplest sense is buying a business for substantially less than its intrinsic value, or as it is of-

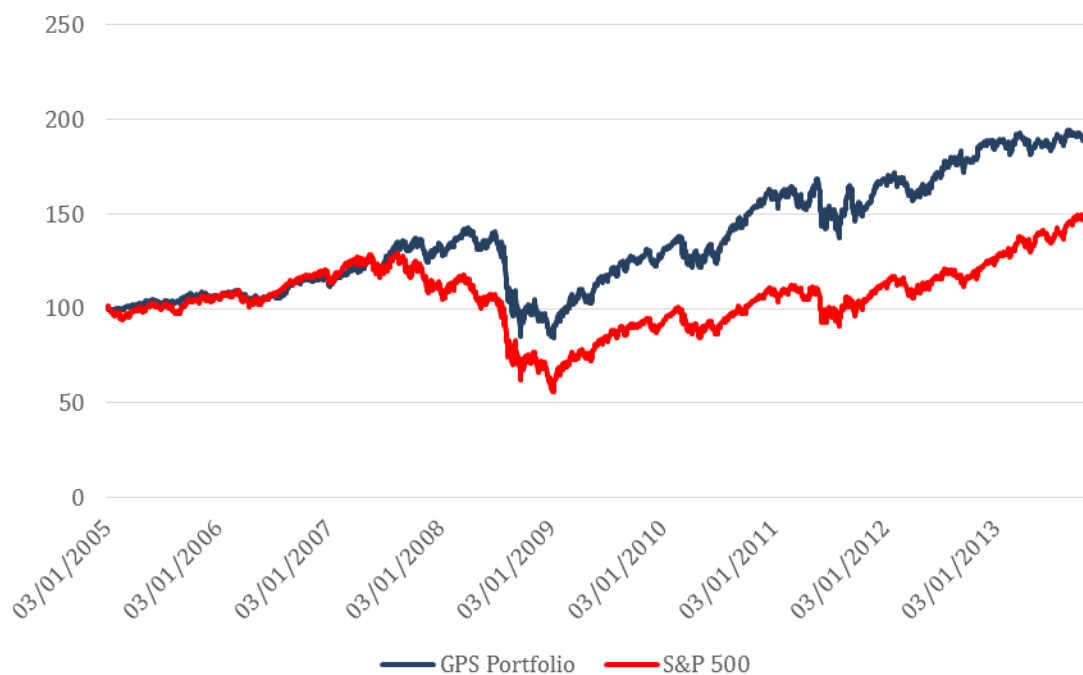
ten described, buying a dollar for 50 cents. When we think of intrinsic value, we essentially care about the size, timing, and riskiness of the enterprise’s free cash flow generation. To understand this earnings power, we scrutinize the business’s long-term fundamentals, the industry it operates in, and the management team at the helm. By having a long-term time horizon, we have a structural advantage over market participants with different incentives or analytical frameworks. And after we conduct our analysis, we insist on having downside protection and a large margin of safety between the market price and our estimate of intrinsic value. These stringent criteria are an acknowledgement of uncertainty and imprecision; they help us avoid losers and preserve capital over the long run. Value investors tend to be an odd bunch: they do not concern themselves with questions about where the market is going and don’t care to opine on Tesla, 3D Systems, or whatever the flavor of the month is. In fact, the kinds of situations we tend to look at are ignored, misunderstood, hated, or obscure. But we do not like to constrain our opportunity set at GPS: if we can buy great businesses at fair prices à la Buffett, we wouldn’t hesitate to do so either. George Soros offered this gem, “If investing is entertaining, if you’re having fun, you’re probably not making any money. Good investing is boring.” We couldn’t agree more: here’s to a boring 2014.

Sincerely,

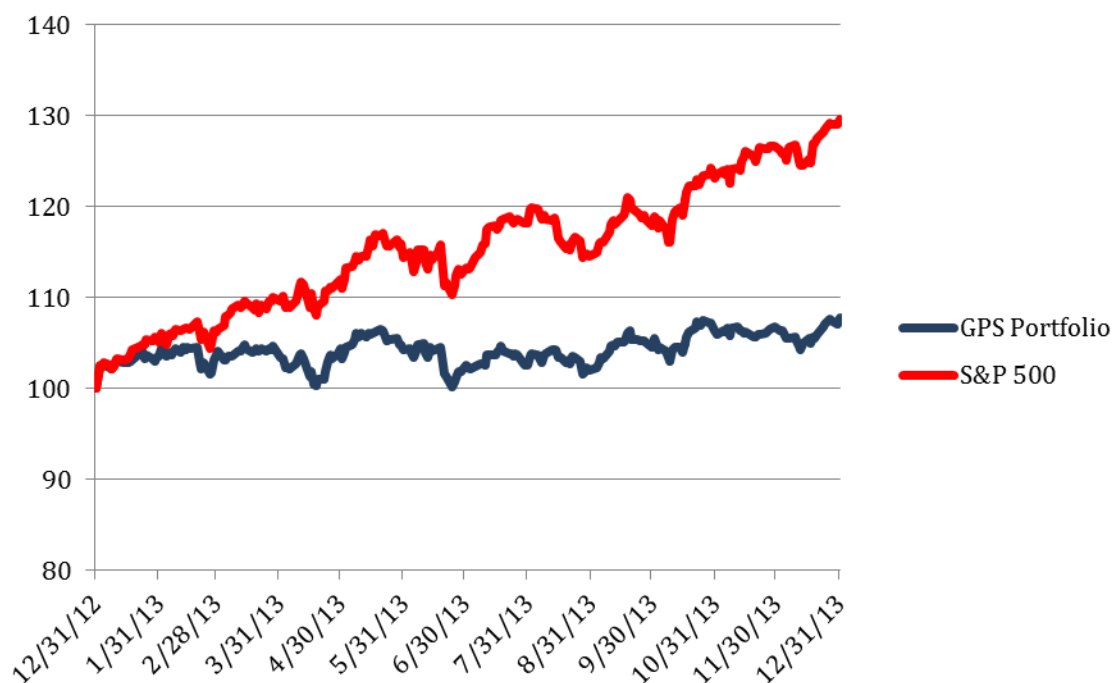
Deependra Mookim (NYU ’15)  
Kevin Li (Harvard ’16)  
2014–2015 Portfolio Managers

# Portfolio Performance

## Value of \$100 GPS vs. SPX, Since Inception



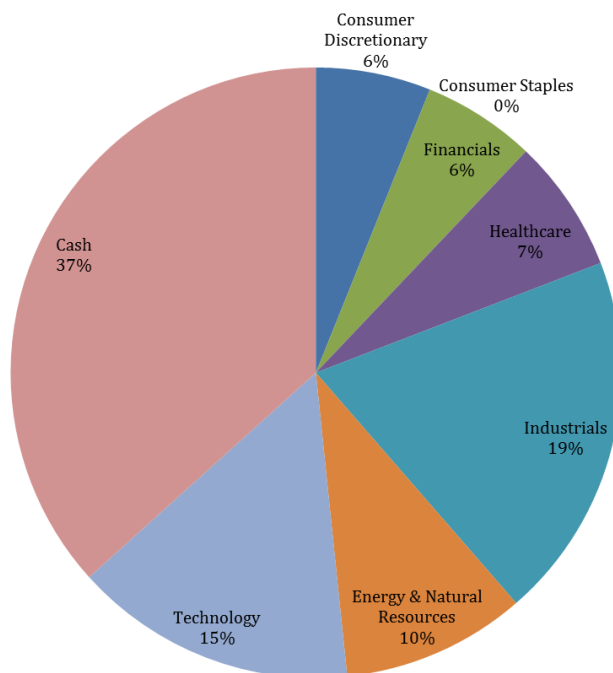
## Value of \$100 GPS vs. SPX, Year 2013



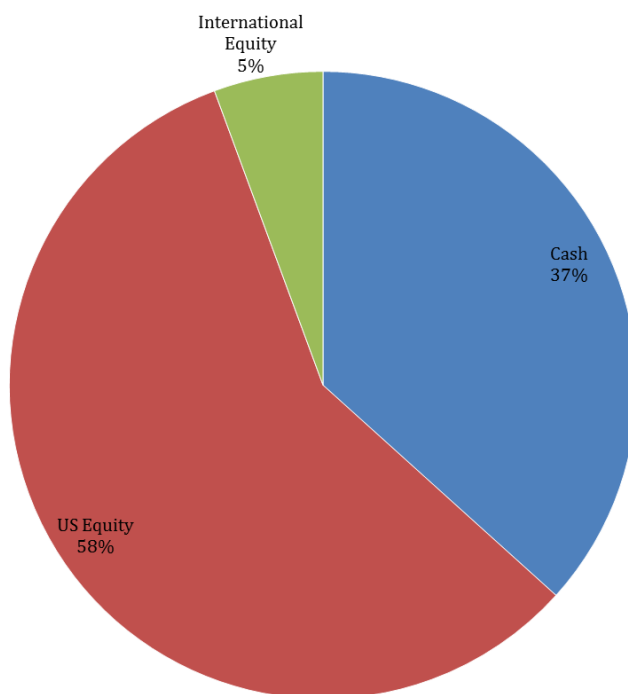


# Portfolio Allocation

**Sector Allocation, Year End 2013**



**Asset Allocation, Year End 2013**





**GLOBAL**  
**PLATINUM**  
**SECURITIES™**

For more information, please contact us:

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